



Fiscal Note

Fiscal Services Division



[SF 2422](#) – Public Assistance, Verification and Eligibility (LSB6779SV.1)
Staff Contact: Louie Hoehle (515.281.6561) louie.hoehle@legis.iowa.gov
Fiscal Note Version – As amended and passed by the Senate

Description

[Senate File 2422](#) modifies various public assistance programs under the Department of Health and Human Services (HHS). The Bill takes effect upon enactment.

The Bill is comprised of six divisions, three of which have a fiscal impact and three of which do not.

The following divisions of the Bill have no fiscal impact:

- Division II — Supplemental Nutrition Assistance Program
- Division III — Medicaid — Managed Care
- Division VI — Effective Date

The following divisions of the Bill have a fiscal impact and are described in further detail below:

- Division I — Public Assistance Programs — Eligibility and Reporting
- Division IV — Medicaid and Iowa Health and Wellness Plan — Retroactive Eligibility and Reporting
- Division V — Medicaid Waivers and State Plan Amendments — Cost Neutrality

Division I — Public Assistance Programs — Eligibility and Reporting

Description

Division I of the Bill requires the HHS to use the Systematic Alien Verification for Entitlements (SAVE) online service maintained by the U.S. Department of Homeland Security (DHS) to verify immigration and citizenship information when determining eligibility for public assistance programs.

Background

The HHS is currently required to access information maintained by the U.S. Citizenship and Immigration Services (USCIS) of the DHS when determining eligibility for public assistance programs.

The [SAVE](#) system is an online service for registered federal, State, territorial, tribal, and local government agencies to verify the immigration and citizenship status of applicants seeking benefits or licenses, administered by the USCIS of the DHS. A user agency is charged a monthly service charge of \$25 for each month in which the user agency submits at least one SAVE case. As of April 1, 2025, non-federal user agencies are not charged a fee for each case run through SAVE.

Assumptions

- The HHS will require 2.0 new Compliance Officer 2 full-time equivalent (FTE) positions to ensure SAVE is appropriately applied and to conduct audits.
- Each Compliance Officer 2 FTE position will cost approximately \$125,000 annually for salary and benefits.
- Each new FTE position will require support costs of \$4,000 in FY 2027 and \$2,000 in FY 2028.
- The State and the federal government will each pay 50.0% of costs for the Compliance Officer 2 positions.

Fiscal Impact

Division I of the Bill is estimated to require 2.0 additional FTE positions and cost approximately \$258,000 in FY 2027 and \$254,000 in FY 2028. The State cost is estimated to be approximately \$129,000 in FY 2027 and \$127,000 in FY 2028.

Division IV — Medicaid and Iowa Health and Wellness Plan — Retroactive Eligibility and Reporting

Description

Division IV relates to Medicaid retroactive eligibility and does the following:

- Requires the HHS to adopt administrative rules and submit a Medicaid waiver to the Centers for Medicare and Medicaid Services (CMS) to allow for two months of retroactive eligibility for pregnant women, children, and residents of certain nursing facilities who apply for Medicaid.
- Prohibits the HHS from adopting administrative rules or submitting a request for a waiver or State plan amendment to the CMS to provide retroactive eligibility to any other adult applying for Medicaid or the Iowa Health and Wellness Plan (IHAWP).

Background

Federal law currently allows states to provide up to three months of retroactive eligibility for Medicaid. The [One Big Beautiful Bill Act \(OBBBA\)](#) reduces the retroactive eligibility period from three months to two months for traditional Medicaid and from three months to one month for Medicaid expansion, which, in Iowa, is IHAWP. The OBBBA changes are scheduled to take effect January 1, 2027.

Retroactive eligibility in Iowa is currently available to pregnant women, infants, and residents of certain nursing facilities. Traditional Medicaid members may receive up to three months of retroactive eligibility. Iowa does not provide retroactive eligibility to IHAWP members.

Assumptions

- The State will receive federal approval for the retroactive coverage changes.
- The retroactive coverage changes will become effective January 1, 2027.
- Approximately 3,100 individuals may lose one month of retroactive coverage annually.
- The average annual cost per member for retroactive coverage is approximately \$596.
- The HHS will require one-time information technology (IT) costs of \$225,000 for the HHS's eligibility system to implement the retroactive coverage changes.
- The Department of Management Division of IT (DOM DoIT) will require one-time IT costs of \$63,000.
- The State will pay 25.3% of IT costs, while the federal government will pay 74.66%.

Fiscal Impact

Division IV of the Bill may reduce net costs by \$628,000 in FY 2027, of which the estimated State savings is \$265,000 and the federal savings is \$364,000. The total estimated savings for FY 2028 is \$1.8 million, of which the estimated State savings is \$672,000 and the federal savings is \$1.2 million.

Division V — Medicaid Waivers and State Plan Amendments — Cost Neutrality

Description

Division V of the Bill relates to Medicaid waivers and state plan amendments (SPAs) and does the following:

- Requires the HHS to conduct an analysis to determine whether certain requests for Medicaid waivers or SPAs are cost neutral prior to submitting the request to CMS.
- Requires the HHS to present the request to the General Assembly, for approval by both houses of the General Assembly, if the waiver or SPA is determined to not be cost neutral.
- Requires the HHS to conduct an analysis to determine the cost neutrality of all waivers, and to submit an annual report, by October 1, detailing the analysis.
- Provides that the cost neutrality requirements do not apply to a modification of a SPA that is required due to federal law or regulation.

Background

[Section 1115 waivers](#) allow states to temporarily modify their Medicaid programs and evaluate specific policy approaches.

[State plan amendments](#) are the process in which states can make permanent changes to their Medicaid programs.

Assumptions

- The Medicaid waiver cost neutrality analysis will require 6.0 new FTE positions, which will cost the following annual amounts for salary and benefits:
 - 1.0 Compliance Officer 2 FTE position at \$125,000.
 - 2.0 Management Analyst 3 FTE positions at \$114,000 each.
 - 2.0 Budget Analyst 3 FTE positions at \$114,000 each.
 - 1.0 Budget Analyst 4 FTE position at \$125,000.
- Each new FTE position will require support costs of \$4,000 in FY 2027 and \$2,000 in FY 2028.
- The State and the federal government will each pay 50.0% of costs for the cost neutrality FTE positions.
- The HHS will require increased annual actuarial services for the Medicaid waiver cost neutrality analysis.
- The State and the federal government will each pay 50.0% of costs for actuarial services.

Fiscal Impact

Division V of the Bill is estimated to require 6.0 additional FTE positions and cost approximately \$1.2 million in FY 2027 and FY 2028. The State cost is estimated to be approximately \$615,000 in FY 2027 and \$608,000 in FY 2028.

Fiscal Impact Summary

Senate File 2422 is estimated to have a net cost of \$859,000 and 8.0 FTE positions in FY 2027, of which the State cost is \$479,000 and the federal cost is \$380,000. For FY 2028, SF 2422 is estimated to have a net savings of \$363,000 and require 8.0 FTE positions. The State is estimated to have a cost of \$63,000 and the federal government is estimated to have a savings of \$426,000 in FY 2028. **Figure 1** shows the breakout of costs in FY 2027. **Figure 2** shows the breakout of costs in FY 2028.

Figure 1 — Senate File 2422 Estimated Costs for FY 2027

Division	Category	State	Federal	Total
I	SAVE FTE Positions	\$ 125,000	\$ 125,000	\$ 250,000
I	FTE Support Costs	4,000	4,000	8,000
IV	Retroactive Coverage Changes	-338,000	-579,000	-916,000
IV	Eligibility System	57,000	168,000	225,000
IV	DOM DoIT IT	16,000	47,000	63,000
V	Cost Neutrality FTE Positions	353,000	353,000	705,000
V	FTE Support Costs	12,000	12,000	24,000
V	Cost Neutrality Actuarial Services	250,000	250,000	500,000
Total		\$ 479,000	\$ 380,000	\$ 859,000

Totals may not sum due to rounding.

Figure 2 — Senate File 2422 Estimated Costs for FY 2028

Division	Category	State	Federal	Total
I	SAVE FTE Positions	\$ 125,000	\$ 125,000	\$ 250,000
I	FTE Support Costs	2,000	2,000	4,000
IV	Retroactive Coverage Changes	-672,000	-1,161,000	-1,833,000
V	Cost Neutrality FTE Positions	353,000	353,000	705,000
V	FTE Support Costs	5,000	5,000	11,000
V	Cost Neutrality Actuarial Services	250,000	250,000	500,000
Total		\$ 63,000	\$ -426,000	\$ -363,000

Totals may not sum due to rounding.

Sources

Department of Health and Human Services

Department of Management Division of Information Technology

/s/ Jennifer Acton

March 18, 2026

Doc ID 1602562

The Fiscal Note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this Fiscal Note is available from the Fiscal Services Division of the Legislative Services Agency upon request.